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DATE: January 23, 1953

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SUBJECT: Joint Weeka No. 4 for State, Army and Air Departments from SAA - Section I

Action file: SAA
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SUMMARY

Nearly complete but still unofficial results in the January 16-18 Guatemalan Congressional elections showed that supporters of President ARBENZ' Administration had won twenty-eight of the thirty-two seats at issue but that the Communists suffered a set-back when José Manuel FORTUNY, Secretary General of the Communist PGT, was defeated by a nearly two-to-one margin in the Department of Guatemala. Thus, while again assuring an overwhelming Administration majority in Congress, the elections also showed a growing undercurrent of popular opposition on the Communist issue.

Large numbers of farm workers in the Departments of Escuintla and Jutiapa recently took the Agrarian Law into their own hands by seizing private lands, an action which Sr. César MONTENEGRO Paniagua, Communist Secretary of Agrarian Affairs of the general labor federation CGTG, publicly approved (see Section II).

Dr. Raúl OSEGUEDA, Guatemalan Foreign Minister, issued a statement denying that Guatemala had failed to collaborate in the construction of the Pan American Highway, following an erroneous report carried by a local newspaper stating President TRUMAN's Budget Message had said that funds for construction of the Guatemalan portion of the highway had been transferred to Costa Rica because of Guatemala's failure to cooperate.

The U.S.-owned International Railways of Central America (IRCA) ran into trouble when Colonel Carlos ALDANA Sandoval, Minister of Communications, demanded the cancellation of newly imposed transfer charges at the railway's terminals at the ports of Puerto Barrios, San José and Champerico. During the week the IRCA petitioned a labor court to conciliate its dispute with its employees over a new labor contract.

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DOMESTIC AFFAIRS

According to the latest unofficial election figures, Administration supporters increased their majority in Congress to 50-6 by winning twenty-eight of the thirty-two seats at issue, but the Communists suffered a sharp set-back in the Department of Guatemala when José Manuel Fortuny, Secretary General of the Communist Partido Guatemalteco de Trabajo (PGT) running on the Administration's "Democratic Electoral Front" ticket, conceded defeat to the anti-Communist opposition which piled up a record 31,000 votes in Guatemala City to the Fortuny-CAPUANO ticket's 16,000. The possibility that Sr. Fortuny might be given the second of the two seats at issue in the Department under the proportional representation provisions of the Electoral Law appeared to be excluded when the National Electoral Board released a preliminary list of winning candidates which named the Opposition candidates, Sres. José Luis ARENAS and Jorge Adán SERRANO as the winners in the Department of Guatemala.

Outside of the capital, Administration supporters obtained a majority or plurality in every Department, winning every seat except one in Quezaltenango which the National Electoral Board listed as won by the Opposition under the proportional representation system, and possibly one in the Department of Suchitepéquez which the Opposition claims under proportional representation. Sr. Carlos Manuel PELLECER, the only avowed Communist other than Fortuny running, won on the "Democratic Electoral Front" ticket in Escuintla by a moderate margin of 650 votes over his combined opposition. In Alta Verapaz, an "independent" pro-Government slate, composed of dissidents who failed to obtain the official nomination, won over the "Democratic Electoral Front" candidates but the newly-elected Deputies were expected to form part of the Administration majority. The new, anti-Communist leftist Partido Revolucionario Ortodoxo (PRO) made a very poor showing, obtaining only some 1,500 of the 47,000 votes cast in the capital and electing no Deputies.

The elections as a whole increased slightly the Administration parties' already overwhelming majority in Congress, but Sr. Fortuny's defeat showed the increasing popular awareness of, and opposition to, Communism here. It will be recalled that the final decision to support an avowed Communist candidate in the capital was taken at a meeting of Administration political leaders in President Arbenz' office and that Sr. Fortuny had the support of the official and pro-Government press (Weekas No. 52 and No. 3). His clear-cut rejection in these circumstances by the country's most literate and influential constituency exposed the weakness in popular following of the Communist PGT. What effect this exposure will have on the continual

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struggle within the Administration parties between the moderates, who view identification with the Communists as a political liability, and the ruling cliques, who favor collaboration with the Communists, remains to be seen.

The elections were held with few disturbances and, especially outside of the capital, with considerable apathy. Only 225,000 voters turned out in comparison to 415,000 in the 1950 Presidential election.

AMERICAN INTERESTS AND LABOR

On January 14 Colonel Aldana Sandoval, the Minister of Communications, summoned Mr. Thomas BRADSHAW, a British subject who is President of the U.S.-owned International Railways of Central America (IRCA), and asked that the railway immediately cancel charges that it had just imposed for handling freight between wharves, customs and carriers at Puerto Barrios, San José and Champerico. Colonel Aldana Sandoval asserted that the charges were discriminatory and Sr. Gregorio PREM Beteta, Minister of Finance, one of four other Cabinet Ministers present, declared they were illegal. The Administration issued to the press strongly critical statements and the IRCA has suspended the charges.

In a further phase of the dispute between the IRCA and the railway union SAMF about a new labor contract to replace the one expired in October 1951, the IRCA petitioned the Second Labor Court on January 13 to conciliate the dispute and at the same time filed with the court its proposals for the contract, which are very similar to the expired contract. The union, which has demanded a 50 percent wage increase and other benefits, promptly denounced the IRCA's move as "ungentlemanly" claiming that at the company's request for time to study its demands it nad agreed to postpone any action until January 13. The IRCA's action clearly took the SAMF by surprise and would technically make a strike illegal since striking while a dispute is pending before the labor courts is forbidden by the Labor Code.

FOREIGN AFFAIRS

A discernable undercurrent of good will towards the United States was shown on the day of the inauguration of President EISENHOWER when a group of market women, acting through their Comité Feminino Anticomunista (CFA) organized a demonstration by an estimated 200 persons to wish the new President well. There were also a number of congratulatory telegrams and messages

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from anti-Communist organizations in provincial towns and the capital's independent press and radio gave the inauguration prominent coverage.

R E. Schoenfeld

Rudolf E. Schoenfeld

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